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SMALL BUSINESSES SHOULD CONTINUE INVESTING IN GROWTH, DESPITE UNCERTAINTY FROM CANBERRA

Australia's small-to-medium enterprises (SMEs) have been bullish on economic outlook over the last quarter, and businesses should pursue growth despite current political uncertainty, according to independent capital solutions provider Maia Financial.

In a recent research report, the Maia Financial Equipment Demand Index, it was revealed that more than a third (33.5%) of Australian SMEs are most likely to continue a trend of increasing their asset base over the next quarter. Maia Financial CEO Daniel Blizzard says that access to capital is a key area of concern for the small business sector.

“Small business is an area that is watched and cared for in politics. Despite the recent leadership spill, we’ve seen tax changes coming through the Senate which are supported from the Leader of the Opposition and the Shadow Treasurer. Small business has a good friend in Government,” said Mr Blizzard.

“While small businesses are being looked after at the face level, there are broader systemic issues at play in that small businesses tend to feed off big business when it comes to accessing capital, essentially a waterfall effect.

“You have small business sitting in a good investment environment, but big business is feeling the brunt of political turmoil, particularly around banking regulation, making it harder for them to lend. Less capital investment from larger companies effects the entire economy and will effect smaller businesses.”

It will be a challenge for small businesses to access the funds they require to grow as the knock-on effect from regulatory scrutiny for large businesses will lock up capital. Fortunately, the report revealed that small businesses intend to increase use of leasing and equipment finance over the June 2018 quarter (35.2%).

“The Australian economy has been through 23 years of unprecedented economic growth and we’ve just surpassed a population of 25 million, which has created a very good environment to invest. I don’t see those elements changing significantly over the next five years,” said Mr Blizzard.

“On top of that the Asia-Pacific region is stabilising. China is also experiencing a period of stable government policy and a less volatile commodity environment. There are great factors which indicate it’s a good time for investment in business, but there’s work to be done to maximise this potential.



“That’s what has been a short-term pain for businesses, but the foundations are there to say you would invest, you should invest.”

The Instant Tax Write-Off, discontinued in the recent Federal Budget and currently under consideration for extension to 2020, likely had the intended effect on small business investment in assets, with one third of small businesses citing tax benefits as the main driver to purchase assets outright over the last quarter.

“The popular write-off scheme has been supported by senior MP and Small Business Minister Michaelia Cash, which is great, but growth and investment in infrastructure should not be solely dependent on macroeconomic forces and businesses should aim to control what they can control rather than rely on external factors to deliver growth opportunities,” said Mr Blizzard.

“Maia Financial supports many businesses to find and capitalise on those alternative avenues by focusing on cash flow. If we can co-invest with our customers alongside that cash flow, then Maia Financial can provide unique capital to allow businesses to buy the infrastructure they need to fuel growth, despite the macro environment.”

For more information:

Emma Mills | Maia Financial
Emma.mills@maiafinancial.com.au
Tel 02 9850 5109

Matthew Lee | WE Buchan
matthewl@we-buchan.com
Tel 02 9237 2811 | Mob 0411 193 412

About Maia Financial

Maia Financial (www.maiafinancial.com.au) is a leading, independent structured finance house with more than 25 years’ experience. Its unique funds management model and access to large pools of global capital provides Maia Financial the capability to own, fund and operate substantial amounts of assets on and off the balance sheet for government, public and private corporations. Maia Financial is part of Monash Private Capital Group, backed by KKR and Highbridge Principal Strategies.

